

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF THE TREASURY

REQUEST FOR PROPOSALS # OPR 04 - 008
for
INSURANCE COLLATERAL SAFEKEEPING SERVICES

JODY M. WAGNER
TREASURER OF VIRGINIA

Tina M. Mizelle, VCO
Procurement Officer

April 1, 2004

REQUEST FOR PROPOSALS
OPR 04 - 008

ISSUE DATE: April 1, 2004

TITLE: Insurance Collateral Safekeeping Services

ISSUING AGENCY: Attn: Tina M. Mizelle VCO, Procurement Officer
Commonwealth of Virginia
Department of the Treasury
P.O. Box 1879
Richmond, Virginia 23218-1879

USING AGENCY: The Virginia Department of the Treasury
State Corporation Commission

Initial Period Of Contract: On or before September 1, 2004 through August 31, 2006 with three additional one(1) year renewal periods in accordance with the terms and conditions herein.

An Optional Pre-Proposal Conference will be held at 11:00 a.m. (EST) Tuesday, April 13, 2004 in the Treasury Board Room, 101 N. 14th Street, 3rd Floor, Richmond, VA 23219. Sealed Proposals Will Be Received Until **3:00 p.m. Monday May 3, 2004**, for furnishing Insurance Collateral Safekeeping Services described herein. Offerors' names shall be read aloud.

All Inquiries Shall Be Directed To: Tina Mizelle by phone - (804) 786 - 4741, by fax - (804) 225-3187 or e-mail – tina.mizelle@trs.state.va.us. Written (fax or e-mail) inquiries are preferred.

If Proposals Are Mailed, Mail Directly To Issuing Agency Shown Above, Adding One Line To The Top Of The Address As Follows: Proposal for Insurance Collateral Safekeeping Services, RFP # OPR 04 - 008.

If Proposals Are Hand Delivered, Deliver To: Proposal for Insurance Collateral Safekeeping Services, RFP # OPR 04 - 008, Commonwealth of Virginia, Treasury Board, c/o Department of the Treasury, James Monroe Building - 3rd Floor, 101 North 14th Street, Richmond, Virginia 23219, Attn: Tina M. Mizelle.

In Compliance With This Request For Proposals And To All The Conditions Imposed Therein And Hereby Incorporated By Reference, The Undersigned Offers And Agrees To Furnish Insurance Collateral Safekeeping Services In Accordance With The Attached Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiations.

Offeror's Name:	By (Signature in Ink):
Complete Address:	Name (please print) and Title:
	Date:
City/State/Zip:	Federal Identification Number:
Telephone Number:	Facsimile Number:

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SECTION I PURPOSE

The purpose of this Request for Proposal ("RFP") issued by the Commonwealth of Virginia's Department of the Treasury is to solicit sealed proposals from qualified Contractors to establish a contract through competitive negotiation for a Bank to serve as Safekeeping Agent for Insurance Collateral maintained for the Virginia Department of the Treasury.

SECTION II BACKGROUND

Article 7, Sections 38.2-1045 through 38.2-1058 of the *Code of Virginia* requires insurance companies to meet certain security deposit requirements of the State Corporation Commission's Bureau of Insurance (the Bureau) in order to be licensed to conduct business in this Commonwealth. The Virginia Department of the Treasury (the Treasury) has the responsibility for oversight of the insurance collateral requirements and is requesting that a Financial Institution provide the necessary banking and administrative services to carry out this function for the Commonwealth.

The Bureau sets initial collateralization levels when an insurance company applies to do business in the Commonwealth and these levels are adjusted periodically based on the company's business activity within the Commonwealth. As of December 31, 2003, collateral was being maintained for 1,067 different insurance companies. At that time, this collateral included (1) 1,335 securities valued at \$369,318,573 and (2) a cash balance of \$5,038,900. The individual securities being held include: 1,010 U. S. Government obligations, 113 U. S. Agency obligations, 138 Municipal bonds, and 74 miscellaneous instruments and cash deposits. Current eligible securities include all U. S. Government and Agency obligations, and Municipal bonds rated AA or better. It is a current requirement of the program that all securities be in book entry form.

Included with the safekeeping of insurance company collateral, the Bureau also requires that certain companies that are self-insured for workers compensation claims also maintain a certain collateral level. The collateral held for these companies includes the eligible securities listed above with the addition of surety bonds.

SECTION III: STATEMENT OF NEEDS

- A. Develop and execute a plan to transfer the Commonwealth's insurance collateral program from the current Contractor to the new Contractor, including but not limited to: (1) contacting the insurance companies in the program to obtain and confirm initial set-up information, (2) advising the program participants of operating procedures and new contact personnel, (3) requesting instructions related to the method and distribution of security proceeds and interest payments, and (4) obtaining Internal Revenue Services (IRS) W-9 forms related to the reporting of interest income; (Response not required of current Contractor.)
- B. Establish a database to support the program, including individual "accounts" (accounting records) for each insurance company participating in the program. Include informational, document, and security files for each; (Response not required of current Contractor.)
- C. Arrange for the transfer of securities from the current Contractor. Receive and process the initial transfer of securities **at no cost** to the Commonwealth; (Response not required of current Contractor.)
- D. Hold in safekeeping as custodian, securities for the account of each insurance company;
- E. Accept and verify eligibility of deposits of securities required pursuant to Section 38.2-1045 of the *Code of Virginia*. Prepare a list of eligible securities and make it available to insurers asking which securities qualify as eligible securities. Approximately 40-50 new companies enter the program annually. Provide written confirmation of deposit to the insurance company, the Bureau, and the Treasury within 10 days of receipt of the

securities. When receiving securities for **new** insurance companies, confirmation of the deposit of securities must be received within 7 days of receipt of the securities. The confirmations should include both the par and market value of the securities as of the date of deposit;

- F. Permit substitution of eligible securities authorized pursuant to Section 38.2-1052 of the *Code of Virginia*. Provide written confirmation of substitution to the insurance company, the Bureau, and the Treasury within 10 days of substitution;
- G. Notify insurance companies in writing 15 days prior to impending maturity or call of securities requesting that the insurance company contact the Contractor to provide instructions on a replacement;
- H. Collect the proceeds of all securities that are called or mature, or sold (as allowed) upon the written order of the insurance company, or the written order of the State Treasurer or his/her designee. Use best efforts to collect securities at maturity or date of call;
- I. Notify insurance companies upon receipt of any principal monies; after confirming the address and telephone number of the insurance company with the Bureau of Insurance, make a telephonic and written follow-up with each insurance company at 30 days if the insurance company has not provided a satisfactory substitute security. Notify the Bureau of Insurance if a substitute security continues to be outstanding;
- J. Distribute, after a satisfactory substitution of security, to the insurance company, (1) the proceeds collected from a call, sale or maturity or (2) at the option of the insurance company, transfer the security for which there has been a substitution but the security has not reached maturity; make distribution by wire transfer (1) on the date of call, sale or maturity, or (2) when cash proceeds are being held, within twenty-four (24) hours of receipt of a satisfactory substitution;
- K. Credit and transfer interest received on all securities to each insurance company within twenty-four (24) hours of receipt; disburse interest through the automated clearing house network or by check at the discretion of each insurance company; follow-up on any failed transfers; provide written notification of interest transfers to insurance companies or their agents describing security and payment information within twenty-four (24) hours of distribution;
- L. Distribute by wire transfer, at the written direction of the State Treasurer or his/her designee, (1) the proceeds collected resulting from a call, sale, or maturity and/or (2) interest received on securities, to an assigned account in the Commonwealth's Local Government Investment Pool. (Infrequently required when an insurance company is under certain legal restrictions and the Commonwealth becomes a part to potential claims.);
- M. Release securities to insurance companies based on written instructions received from authorized officials of the Department of the Treasury; follow-up on failed transfers. (Approximately 40-50 insurance companies cease or reduce business activity within the Commonwealth annually.);
- N. Describe the Contractor's capability to provide on-line access to an insurance collateral data base;
- O. Prepare and distribute IRS 1099 tax forms on interest earned to insurance companies in accordance with IRS regulations;
- P. Respond to inquiries from insurance companies, the Treasury, and the Bureau related to the Contractor's maintenance of the program. Provide the Bureau and the Treasury the market value of securities upon request;

- Q. Provide, upon request, audit confirmations and certified lists of deposits to insurance companies, their representatives and auditors, including brief prescribed language, within 2 weeks of receipt. (A small portion of such notifications will be by the Contractor through the Treasury in order that an official signature can be affixed. Currently required by approximately 15 companies.);
 - R. Provide the Commonwealth an earnings credit allowance on all cash balances maintained at your institution related to the program including principal and interest cash being held;
 - S. Maintain all records related to the insurance collateral program for five years regardless of whether the contract is current or has been terminated; respond to inquiries from the Treasury and/or the Bureau related to such records being held;
 - T. Monthly provide details regarding security withdrawals, deposits or substitutions. Also provide month-end account balances by NAIC number; and
 - U. Transfer, upon completion of the contract, all securities to the successor contractor **at no cost** to the Bureau, the Treasury, or the successor contractor; provide the successor contractor with all information related to the insurance collateral data base **at no charge**; respond to any questions from the Treasury and/or the Bureau related to the Contractor's prior administration of the program.
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It is the policy of the Commonwealth of Virginia to contribute to the establishment, preservation and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in State procurement activities. The Commonwealth encourages Contractors to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts or other contractual opportunities. Submission of a report of past efforts to utilize the goods and services of such businesses and plans for involvement on this contract are required in order to obtain full points as specified in Section V. **See Appendix B** for reporting format. By submitting a proposal, Offerors certify that all information provided in response to this RFP is true and accurate. Failure to provide information required by this RFP could result in the rejection of the proposal.

SECTION IV PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL REQUIREMENTS:

1. RFP Response:

- a. Number of Copies. In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original, so marked, and four (4) copies, so marked, of each proposal must be submitted to the Department of the Treasury. Additional copies shall be provided upon request at no charge. No other distribution of the proposal shall be made by the Offeror.

2. Proposal Preparation:

- a. Submission of Materials. An authorized representative of the Offeror shall sign proposals. All information requested should be submitted. Failure to submit all information requested may result in the Commonwealth requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. The Commonwealth may reject proposals, which are substantially incomplete or lack key information. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.

- b. Small, Women-Owned, and Minority-Owned Business Reports. All information requested by this RFP on the ownership, utilization and planned involvement of small businesses, women-owned businesses, and minority-owned businesses shall be submitted. If an offeror fails to submit all information requested, the Commonwealth may require prompt submission of missing information after the receipt of the vendor proposals. (See **Appendix B.**)
 - c. Clarity of Proposals. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
 - d. Organization of Proposal. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub-letter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub-letter should be repeated at the top of the next page. Information, which the Offeror desires to present, that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.
 - e. Single Volume. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.
 - f. Ownership of Materials. Ownership of all data, materials and documentation originated and prepared for the Commonwealth pursuant to the RFP shall belong exclusively to the Commonwealth and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror shall invoke the protection of Section 2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice shall specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted shall be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. **THE CLASSIFICATION OF AN ENTIRE PROPOSAL DOCUMENT, LINE ITEM PRICES AND/OR TOTAL PROPOSAL PRICES AS PROPRIETARY OR TRADE SECRETS IS NOT ACCEPTABLE AND MAY RESULT IN THE REJECTION OF THE PROPOSAL.**
3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to a designated committee of the Commonwealth. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This would be a fact finding and explanation session only and does not include negotiation. The Commonwealth will schedule the time and location of these presentations. Oral presentations are an option of the Commonwealth and may or may not be required.

B. SPECIFIC REQUIREMENTS:

Proposals should be as thorough and detailed as possible so that the evaluation panel may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following items, separated by tabs within the proposal, as a complete proposal:

TAB 1. The complete RFP (One Copy **in the Original Proposal Only**), the RFP cover sheet and addenda, if any, filled out as required and signed.

TAB 2. General Qualifications:

1. Describe your financial institution's experience and capabilities to meet the requirements of this RFP. Include your ability and experience in managing multi-fund accounts.
2. Submit three references including contact name, address, and telephone number. References submitted should be applicable to the specific services requested in this RFP. If you provide this service or a similar service to a state or municipal government, please use that entity(ies) as a reference.
3. Include the resumes of the persons who will be responsible for providing these services, including the role of each and the amount of time each person will be dedicated to this service on the average. Identify the primary contact for this engagement and the relationship manager, if different.
4. Describe your institution's commitment to quality control and describe how it is applied to your safekeeping function.

TAB 3. Specific plans for providing the proposed goods/services including:

1. Address your financial institution's ability to provide the services noted in SECTION III, STATEMENT OF NEEDS. Please restate each requirement and discuss whether or not you can provide the service, how you will provide the service or the extent to which you can provide the service, recommend any alternatives in addition to or in lieu of the stated requirement.
2. The Contractor shall meet the REPORTING AND DELIVERY REQUIREMENTS as outlined in SECTION VI. Restate each requirement and discuss whether or not you can provide the service; how you will provide the service or the extent to which you can provide the service; recommend any alternatives in addition to or in lieu of the stated requirement.
3. Describe in detail the computer hardware and software that your firm will utilize in performing the services required by this RFP.
4. Discuss your firm's disaster recovery plan, policies, and procedures as it relates to the services required by this RFP.
5. Describe fully your firm's plan and methodology to provide the services requested, including the conversion process. Include an estimated conversion calendar, including action required for each task. Include the employees that will be assigned to the conversion. Outline any assistance required of the Treasury and/or the Bureau during the conversion. Assume a contract award date of June 1, 2004 and a contract effective date of September 1, 2004.
6. Describe your approach to customer service. Describe the quality controls in place to ensure high-quality customer service to clients.
7. Include copies of any agreements that the Commonwealth would be expected to sign if your institution is awarded this contract.

TAB 4. Proposed Price:

1. Provide pricing information using the format outlined in **Section XI: Pricing Schedule**.
2. Please note that any charges not listed in your proposal will not be allowed unless additional services are requested. Treasury must approve any additional services in advance.

TAB 5. Creative solutions and alternative suggestions:

1. All Offerors are encouraged to be as creative as possible in responding to this RFP. Based on your review of the background information, specific needs and requirements, and pertinent Sections of the *Code of Virginia* discuss any creative approaches to this service which have not been specifically requested or which would enhance efficiency and/or reduce costs.

TAB 6. Small, Women-Owned, and Minority-Owned Business Participation:

The Offeror should submit three sets of data for small business, women-owned business minority-owned business: 1) ownership, 2) utilization of small, women-owned and minority-owned businesses for the most recent 12 months, and 3) planned involvement of small businesses, women-owned businesses and minority owned businesses on the current procurement. **Appendix B** contains the format for providing this information.

SECTION V EVALUATION AND AWARD CRITERIA

- A. All proposals received will be reviewed and evaluated by a Selection Committee. The Committee will recommend proposals, which most closely meet the requirements of the RFP. The following will be used in making the selection:
1. Offeror's Qualifications -- This criterion includes the ability of the Offeror to meet the terms of the RFP, the Offeror's experience providing similar services as required by this RFP, and the quality controls in place to ensure a high-quality service. (Weighted at 30%)
 2. Soundness of Approach -- Emphasis here is on the techniques for providing the services requested, and on the Offeror's capability to deliver the desired services on schedule, and any special processes which the Offeror believes may increase its ability to perform the contract. (Weighted at 30%)
 3. Pricing -- Charges should be broken down as outlined in Section XI, PRICING SCHEDULE. While this area will be weighted heavily, it will not be the primary deciding factor in the selection process. (Weighted at 30%)
 4. Creativity -- The Commonwealth is interested in creative and innovative responses to this RFP. Consideration will be given to suggested alternatives or additional services offered which may not be specifically requested. (Weighted at 5%)
 5. Participation of Small, Women-Owned, and Minority-Owned Businesses -- Emphasis is on the past, current, and planned utilization of businesses in the three classes identified. (Weighted at 5%)
- B. Award of Contract: Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request For Proposals, including price, if so stated in the Request For Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been

conducted with each Offeror so selected, the agency shall select the Offeror that, in its opinion, has made the best proposal, and shall award the Contract to that Offeror. The Commonwealth may cancel this Request For Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous (Section 2.2-4359D, *Code of Virginia*). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror. The award document will be a Contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated. See **Appendix A**.

SECTION VI REPORTING AND DELIVERY REQUIREMENTS

The Contractor shall meet the following reporting and delivery requirements:

A. Monthly Account/Activity Report

Provide the Bureau and the Treasury monthly reports, to be received no later than five (5) business days after the close of each month. These reports are to include:

1. safekeeping report which provides a full description of securities by insurance company (excluding Workers Compensation Act deposits) including the par, book value and market value as of month end, coupon, payment dates, maturity dates, CUSIP numbers and transaction totals by insurance company;
2. consolidated statement of security receipts and disbursements (excluding Workers Compensation Act deposits);
3. transaction report by insurance company (excluding Workers Compensation Act deposits);
4. interest due to each insurance company (excluding Workers Compensation Act deposits);
5. interest transmitted to the insurance company (excluding Workers Compensation Act deposits); and
6. principal and interest cash that is being held in suspense awaiting distribution to insurance companies; aged from the date distribution should have occurred (excluding Workers Compensation Act deposits).

These monthly reports must be submitted via electronic methods. These reports may be submitted by e-mail or by alternate delivery on electronic media. The required file layout is located at Appendix C. The reports may be submitted as a flat fixed format file or a Microsoft Excel spreadsheet. **Additionally, provide a hard copy of the December and June monthly reports.**

B. Annual Reports

1. Provide the Treasury and the Bureau an annual statement for each account (including both insurance company accounts and Workers Compensation Act deposits), detailing all activity for the fiscal year ending June 30. This statement will detail all income and principal transactions and include a schedule of assets detailing par, book and market values. These items are due on or before July 30 each year.
2. An alphabetized listing of insurance companies (excluding Workers Compensation Act deposits) with complete address and Tax Identification Number (TIN) for each. This item is due on or before January 10 each year.

These annual reports must be submitted via electronic methods. These reports may be submitted by e-mail or by alternate delivery on electronic media. The required file layout is located at Appendix C. The reports may be submitted as a flat fixed format file or a Microsoft Excel spreadsheet.

C. Recap of IRS 1099 Information

Provide the Treasury with an annual recap of information on IRS 1099 forms issued to insurance companies. The recap is due 1 week after IRS 1099s are issued.

D. Account Analysis Statement

Provide a monthly account analysis statement for the Treasurer of Virginia and/or monthly invoice for Insurance Collateral Safekeeping Services.

Delivery Instructions

Reports for the Treasury required in "A" through "C" of this section should be delivered to :

Commonwealth of Virginia
Department of the Treasury
Attn: Operations Division-Trust Accounting
Post Office Box 1879
Richmond, Virginia 23218-1879

Reports for the Treasury required in "D" of this section should be delivered to:

Commonwealth of Virginia
Department of the Treasury
Cash Management and Investments Division
Post Office Box 1879
Richmond, Virginia 23218-1879

Reports for the Bureau required in "A" through "C" of this section should be delivered to:

Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
Post Office Box 1157
Richmond, Virginia 23218

SECTION VII: PRE-PROPOSAL CONFERENCE

OPTIONAL PRE-PROPOSAL CONFERENCE: An optional pre-proposal conference will be held at 11:00 a.m. (EST) on Tuesday April 13, 2004, at the Department of the Treasury, 101 North 14th Street, 3rd Floor in the Treasury Board Conference Room, Richmond, VA. The purpose of this conference is to allow potential Offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.

While attendance at this conference will not be a prerequisite to submitting a proposal, Offerors who intend to submit a proposal are encouraged to attend. Any changes resulting from this conference will be issued in a written addendum to the solicitation.

SECTION VIII GENERAL TERMS AND CONDITIONS

- A. **VENDORS MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this Contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.dgs.state.va.us/dps under "Manuals."
- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting Contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Contractor shall comply with all applicable federal, state and local laws, rules and regulations. Venue shall be in state or federal court located in Richmond, Virginia.
- C. **ANTI-DISCRIMINATION:** By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the *Virginia Public Procurement Act*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the Contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia* § 2.2-4343.1E).

In every Contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this Contract, the Contractor agrees as follows:
 - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.
 2. The Contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By submitting their proposals, offerors certify that

they do not and will not during the performance of this Contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

- F. DEBARMENT STATUS:** By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts by any agency of the Commonwealth of Virginia for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. ANTITRUST:** By entering into a Contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said Contract.
- H. MANDATORY USE OF STATE FORMS AND TERMS AND CONDITIONS:** Failure to submit a proposal on the official state form provided for that purpose shall be a cause for rejection of the proposal. Modification of or additions to any portion of the general terms and conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case-by-case basis, in its sole discretion, whether to reject such a proposal.
- I. CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.
- J. PAYMENT:**
1. To Prime Contractor:
 - a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/Contract. All invoices shall show the state Contract number and/or purchase order number; social security number (for individual Contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
 - b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
 - c. All goods or services provided under this Contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the Contract price, regardless of which public agency is being billed.
 - d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
 - e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges, which appear to be unreasonable, will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the

Commonwealth shall promptly notify the Contractor, in writing, as to those charges, which it considers unreasonable, and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges that are not in dispute (*Code of Virginia*, § 2.2-4363).

2. To Subcontractors:

a. A Contractor awarded a Contract under this solicitation is hereby obligated:

- (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the Contract; or
- (2) To notify the agency and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.

b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the Contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary Contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

K. PRECEDENCE OF TERMS: Paragraphs A-J of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

L. QUALIFICATIONS OF OFFERORS: The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services/furnish the goods and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect offeror's physical facilities prior to award to satisfy questions regarding the offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

M. TESTING AND INSPECTION: The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

N. ASSIGNMENT OF CONTRACT: A Contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth.

O. CHANGES TO THE CONTRACT: Changes can be made to the Contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the Contract. An increase or decrease in the price of the Contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the Contract.

2. The Issuing Agency may order changes within the general scope of the Contract at any time by written notice to the Contractor. Changes within the scope of the Contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Issuing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a. By mutual agreement between the parties in writing; or
 - b. By agreeing upon a unit price or using a unit price set forth in the Contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Issuing Agency's right to audit the Contractor's records and/or to determine the correct number of units independently; or
 - c. By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the Contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Issuing Agency with all vouchers and records of expenses incurred and savings realized. The Issuing Agency shall have the right to audit the records of the Contractor, as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Issuing Agency within thirty (30) days from the date of receipt of the written order from the Issuing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the Contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this Contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this Contract shall excuse the Contractor from promptly complying with the changes ordered by the Issuing Agency or with the performance of the Contract generally.
- P. DEFAULT: In case of failure to deliver goods or services in accordance with the Contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies that the Commonwealth may have.
- Q. TAXES: Sales to the Commonwealth of Virginia are normally exempt from State sales tax. State sales and use tax certificates of exemption, Form ST-12, will be issued upon request. Deliveries against this Contract shall usually be free of Federal excise tax and transportation taxes. The Commonwealth's excise tax exemption registration numbers is 54-73-0076K.
- R. USE OF BRAND NAMES: Omitted.
- S. TRANSPORTATION AND PACKAGING: Omitted.
- T. INSURANCE: By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the Contract, it will have the following insurance coverages at the time the Contract is awarded. For construction Contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The

Offeror further certifies that the Contractor and any subcontractors will maintain these insurance coverages during the entire term of the Contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

INSURANCE COVERAGES AND LIMITS REQUIRED:

1. Worker's Compensation - Statutory requirements and benefits; require that the Commonwealth of Virginia be added as an additional named insured on Contractor's policy.
2. Employers Liability - \$100,000.
3. Commercial General Liability - \$500,000 combined single limit. Commercial General Liability is to include Premises/Operations Liability, Products and Completed Operations Coverage, and Independent Contractor's Liability or Owner's and Contractor's Protective Liability. The Commonwealth of Virginia is to be named as an additional named insured with respect to the services being procured. These coverages are to include Products and Completed Operations Coverage.
4. Automobile Liability - \$500,000 - Combined single limit. (Only used if motor vehicle is to be used in the Contract.)

U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a Contract as a result of this solicitation, the Issuing Agency will publicly post such notice on the 3rd floor receptionist area, Department of the Treasury, 101 N. 14th Street, Richmond, Virginia, the DGS/DPS eVA website www.eva.state.va.us and on the Treasury website at www.trs.state.va.us for a minimum of 10 days.

V. **DRUG-FREE WORKPLACE:** During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific Contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Contract.

W. **NONDISCRIMINATION OF CONTRACTORS:** A bidder, offeror, or Contractor shall not be discriminated against in the solicitation or award of this Contract because of race, religion, color, sex, national origin, age, or disability or against faith-based organizations. If the award of this Contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this Contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services or disbursements from an alternative provider.

X. **EVA BUSINESS-TO-GOVERNMENT VENDOR REGISTRATION:** The awarded Contractor will be expected to register with the eVA and the Ariba Commerce Services Network Vendor Registration Systems at the

following website: www.eva.state.va.us or by calling the eVA Supplier Help Line at 1-866-289-7367. All Contractors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service (\$25.00) or eVA Premium Vendor Registration Service (\$200.00), and complete the Ariba Commerce Services Network Registration. Treasury will issue a blanket purchase order to the Contractor for the contract period. The Contractor will reference the purchase order number on each invoice submitted to Treasury. The eVA transaction fee will be billed to the Contractor at the point the blanket purchase order is issued. The maximum eVA transaction fee is 1% of each transaction or a maximum of \$500.00 for each transaction, whichever is less. The blanket purchase order is considered one transaction; therefore, the maximum eVA transaction fee that will be charged to the Contractor will be \$500.00 annually. All Offerors must register in eVA; failure to register will result in the proposal being rejected.

SECTION IX SPECIAL TERMS AND CONDITIONS

- A. **ADVERTISING:** In the event a Contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to the Department of the Treasury will be used in product literature or advertising. The Contractor shall not state in any of the advertising or product literature that the Commonwealth of Virginia or any agency or institution of the Commonwealth has purchased or uses its products or services.
- B. **AUDIT:** The Contractor hereby agrees to retain all books, records, and other documents relative to this Contract, electronically and/or by hard copy, until termination of the contract at which time such books, records, and documents will be transferred to the successor contractor or the Department of the Treasury. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.
- C. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement. (See Section X: Method of Payment.)
- D. **AWARD OF CONTRACT:** Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror that, in its opinion, has made the best proposal, and shall award the Contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous. (Section 2.2-4359D, *Code of Virginia*.) Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror. The award document will be a Contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated.
- E. **BEST AND FINAL OFFER (BAFO):** At the conclusion of negotiations, the offeror(s) may be asked to submit in writing, a best and final offer (BAFO). After the BAFO is submitted, no further negotiations shall be conducted with the offeror(s). The offeror(s) proposal(s) will be rescored to combine and include the information contained in the BAFO. The decision to award will be based on the final evaluation including the BAFO.
- F. **BID ACCEPTANCE PERIOD:** Any bid in response to this solicitation shall be valid for 120 days. At the end of the 120 days the bid may be withdrawn at the written request of the Bidder. If the bid is not withdrawn at that time it remains in effect until an award is made or the solicitation is cancelled.

- G. **CANCELLATION OF CONTRACT:** The issuing Agency reserves the right to cancel and terminate any resulting Contract, in part or in whole, without penalty, upon 90 days written notice to the Contractor. In the event the initial Contract period is for more than 12 months, the resulting Contract may be terminated by either party, without penalty, after the initial 12 months of the Contract period upon 90 days written notice to the other party. Any Contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
- H. **EXTRA CHARGES NOT ALLOWED:** No additional charges will be allowed under the Contract. Any changes to the scope of services that impact prices must be approved in advance by the Department of the Treasury.
- I. **INSURANCE, MONEY AND SECURITIES:** Contractor shall maintain a Broad Form Money and Securities Insurance Policy obtained from an insurance company licensed to conduct crime insurance business in the home state of the Contractor and which has earned an A.M. Best Company, Inc. rating of A or better, as reflected in their most current publication, covering all money and property entrusted to the Contractor by the Commonwealth of Virginia for Loss Inside the Premises Coverage and for Loss Outside the Premises Coverage, with limits of coverage to be determined by the Contractor and the Treasury Board. Certificate of such protection must be presented to the Issuing Agency prior to the start of the service showing name of insurance company, limits and types of coverage, term of coverage, additional insured provision and name and address of licensed insurance agent. The Contractor agrees to maintain such policy until the completion of the Contract and all money and property of the Commonwealth is remitted to the Commonwealth.
- J. **LATE PROPOSALS:** To be considered for selection, proposals must be received by the Department of the Treasury by the due date and time designated on the cover page of this RFP. Proposals received after the due date and time are automatically disqualified and will not be considered. The Department of the Treasury is not responsible for delays in the delivery of mail by the U. S. Postal Service or private couriers. It is the sole responsibility of the Offeror to ensure that its proposal reaches Treasury by the designated due date and time.
- K. **PRIME CONTRACTOR RESPONSIBILITIES:** The Contractor shall be responsible for completely supervising and directing the work under this Contract and all subcontractors that he may utilize, using his best skill and attention. Subcontractors who perform work under this Contract shall be responsible to the prime Contractor. The Contractor agrees that he is as fully responsible for the acts and omissions of his subcontractors and of persons employed by them as he is for the acts and omissions of his own employees.
- L. **SUBCONTRACTS:** No portion of the work shall be subcontracted without prior written consent of the issuing Agency. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Issuing Agency the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the Contract.

SECTION X METHOD OF PAYMENT

Bank service charges are to be included in the Bank's monthly account analysis. The fees shall be paid through one of the following methods at the Commonwealth's option: compensating balances; a combination of compensating balances and direct fees; or an alternative method as specified in the Contractor's proposal.

SECTION XI PRICING SCHEDULE

STATEMENT OF CHARGES INSURANCE COLLATERAL SAFEKEEPING SERVICES

SERVICES:	ANNUAL VOLUME ¹	RATE	EXTENSION
Administrative Fee ² (Avg. Security Bal. \$ 370 million)		_____%	_____
FDIC charge (Avg. Cash Bal. \$ 4.5 million)		_____%	_____
Securities Transactions Fee ³	1114	_____	_____
Audit Confirmations			
(originals)	1300	_____	_____
(copies)	600	_____	_____
Electronic Media Files	_____	_____	_____
Programming	_____	_____	_____
Monthly Account Maintenance	12	_____	_____
Monthly Balance Reporting	12	_____	_____
Other ⁴		_____	_____
Total Services Provided- Annual cost			\$ _____
Average Monthly Charges			\$ _____

Notes

- ¹ Annual Volume Statistics: Please note that volume statistics outlined above are annual volumes and may not correspond to the way the bank charges for a particular service. If a particular charge is on another basis than noted, make appropriate changes in the "Volume" column. Proposals must estimate volumes for any line items where volume figures are left blank.
- ² Administrative Fee: This fee will include all cost associated with providing the required services described in this RFP, with the exception of those transactions specifically listed - security transactions and audit confirmations
- ³ Security Transaction Definition: A Security Transaction is defined as a purchase, sale, maturity, put or call, redemption, bond call, free receipt or free delivery (substitution), or tender of a security.
- ⁴ Other Charges: If there are other charges, they must be noted in "Other" spaces, clearly defined, and extended based on estimated volume. THIS IS A REQUIREMENT. ANY CHARGES FOR SERVICES NOT ADDRESSED IN THE "STATEMENT OF CHARGES" IN YOUR PROPOSAL WILL NOT BE ALLOWED DURING THE COURSE OF THE CONTRACT. If there is no charge for any of the services listed, please notate with a "N/C" in the "Extension" column.

SECTION XII APPENDICES and DEFINITIONS

APPENDIX A
Form of Contract

COMMONWEALTH OF VIRGINIA
Department of The Treasury
INSURANCE COLLATERAL SAFEKEEPING AGENT
Contract Number _____

This Contract is entered into this ___ day of _____, 2004, by _____, hereinafter called the "Contractor", and the Commonwealth of Virginia Department of the Treasury, hereinafter called the "Purchasing Agency".

WITNESSETH that the Contractor and the Purchasing Agency, in consideration of the mutual covenants, promises, and agreements herein contained, agree as follows:

SCOPE OF CONTRACT: The Contractor shall provide the services to the Commonwealth as set forth in the Contract Documents.

PERIOD OF CONTRACT: From September 1, 2004 through August 31, 2006, with three successive one-year options to renew the Contract under the terms and conditions stated herein.

CONTRACT DOCUMENTS: The Contract Documents shall consist of this signed Contract, the Request for Proposals dated April 1, 2004, together with all written modifications thereof and the Proposal submitted by the Contractor dated _____, and all written modifications thereof, all of which Contract Documents are incorporated herein by reference.

Any contractual claims shall be submitted in accordance with the contractual dispute procedures set forth in Section 7.15 of the Commonwealth of Virginia's *Vendor's Manual*.

IN WITNESS WHEREOF the parties have caused this Contract to be duly executed intending to be bound thereby, and certify they are authorized to sign this Contract for the Contractor or the Commonwealth.

CONTRACTOR

PURCHASING AGENCY

(Signature)

(Signature)

(Printed Name)

(Printed Name)

(Title)

(Title)

(Date)

(Date)

APPENDIX B
OFFEROR'S REPORT OF SMALL, WOMEN-OWNED, AND
MINORITY-OWNED BUSINESSES AND DEFINITIONS

**PARTICIPATION OF SMALL, WOMEN OWNED,
AND MINORITY OWNED BUSINESSES**

1. Participation by Small Businesses:

- a. Offeror certifies that it () is, () is not, a small business concern (including its affiliates) which is independently owned and operated. For the purpose of this procurement, a small business is a concern that is not dominant in the field of operation in which it is contracting and can further qualify under the criteria concerning number of employees, average annual receipts, or other criteria, as prescribed by the United States Small Business Administration.
- b. List small businesses with which the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data is available. Offerors are encouraged to provide additional information and expand upon the following format:

<u>PERIOD:</u> From: _____ To: _____					%TOTAL CO.
FIRM NAME, ADDRESS, PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS		EXPENDITURES FOR GOODS & SERVICES ***

***** WHEN FIGURING THE TOTALS IN THIS COLUMN, THE TOTAL EXPENDITURES FOR ALL THREE CATEGORIES (SMALL, WOMEN AND MINORITY-OWNED BUSINESSES) CAN NOT EXCEED 100%.*****

- c. Describe Offeror's plans to involve small businesses in the performance of this Contract either as part of a joint venture, as a partnership, as subcontractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

<u>PERIOD:</u> From: _____ To: _____					
FIRM NAME, ADDRESS, PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS		% OF TOTAL CONTRACT***

***** WHEN FIGURING THE TOTALS IN THIS COLUMN, THE TOTAL EXPENDITURES FOR ALL THREE CATEGORIES (SMALL, WOMEN AND MINORITY-OWNED BUSINESSES) CAN NOT EXCEED 100%.*****

2. Participation by Businesses Owned by Women:

- a. Offeror certifies that it () is, () is not, a women's business enterprise or women owned business. For the purpose of this procurement, a woman owned business is a concern that is at least 51 percent owned by a woman or women who also control and operate it. In this context, "control" means exercising the power to make policy decisions, and "operate" means being actively involved in the day-to-day management.
- b. List businesses owned by women with whom the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data is available. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS, PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	%TOTAL CO. EXPENDITURES FOR GOODS/SERVICES WOMEN-OWNED BUS.***

*****WHEN FIGURING THE TOTALS IN THIS COLUMN, THE TOTAL EXPENDITURE FOR ALL THREE CATEGORIES (SMALL, WOMEN, AND MINORITY-OWNED BUSINESSES) CAN NOT EXCEED 100%.*****

- c. Describe Offeror's plans to involve businesses owned by women in the performance of this Contract, either as part of a joint venture, as a partnership, as subcontractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS, PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% OF TOTAL CONTRACT WOMEN-OWNED BUS.***

*****THIS COLUMN REFLECTS WHAT PERCENTAGE OF THE 100% VALUE OF THIS CONTRACT YOU WILL AWARD TO WOMEN-OWNED BUSINESSES*****

3. Participation by Businesses Owned by Minorities:

- a. Offeror certifies that it () is, () is not, a minority business enterprise or minority owned business. For the purpose of this procurement, a minority-owned business is a concern that is at least 51 percent owned by one or more socially and economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to, African Americans, Hispanic Americans, Asian Americans, American Indians, Eskimos, and Aleuts.
- b. List businesses owned by minorities with which the Offeror has contracted or done business and dollar amounts spent with each of these businesses in the most recent 12-month period for which data is available. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME, ADDRESS & PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% TOTAL CO. EXPENDITURES FOR GOODS/SERVICES FROM MINORITY-OWNED BUS.***

*****WHEN FIGURING THE TOTALS IN THIS COLUMN, THE TOTAL EXPENDITURE FOR ALL THREE CATEGORIES (SMALL, WOMEN, AND MINORITY-OWNED BUSINESSES) CAN NOT EXCEED 100%.**

- c. Describe Offeror's plans to involve minority businesses in the performance of this Contract, either as part of a joint venture, as a partnership, as subcontractors or as suppliers. Offerors are encouraged to provide additional information and expand upon the following format:

PERIOD: From: _____ To: _____

FIRM NAME,

ADDRESS & PHONE NO.	CONTACT PERSON	TYPE GOODS/ SERVICES	DOLLAR AMOUNTS	% OF TOTAL CONTRACT MINORITY-OWNED BUS.***

*****THIS COLUMN REFLECTS WHAT PERCENTAGE OF THE 100% VALUE OF THIS CONTRACT YOU WILL AWARD TO MINORITY-OWNED BUSINESSES.*****

DEFINITIONS

For the purpose of this RFP, the following shall serve as definitions:

PERIOD is the specified 12-month period for which the information provided in this list is applicable and valid. The period will be specified as month and year.

FIRM NAME, ADDRESS AND PHONE NUMBER is the name address and business phone number of the small business, women owned business or minority owned business with which the Offeror has contracted or done business over the specified period or plans to involve on this Contract, as applicable.

CONTACT PERSON is the name of the individual in the specified small business, women owned business or minority owned business who would have knowledge of the specified contracting and would be able to validate the information provided in this list.

TYPE GOODS OR SERVICES is the specific goods or services the Offeror has contracted for from the specified small, women owned or minority owned business over the specified period of time or plans to use in the performance of this Contract, as applicable. The Offeror will asterisk (*) those goods and services that are in the Offeror's primary business or industry.

DOLLAR AMOUNT is the total dollar amount (in thousands of dollars) the Offeror has contracted for or has done business with the listed firm during the specified period or plans to use on this Contract, as applicable.

% TOTAL COMPANY EXPENDITURES FOR GOODS AND SERVICES is calculated by dividing the dollar amount of business conducted or contracted for with the indicated firm over the specified period by the total expenditure of the Offeror over the specified period for goods and services.

% OF TOTAL CONTRACT is calculated by dividing the estimated dollars planned for the indicated firm on this Contract by the total Offeror estimated price of this Contract.

SMALL BUSINESS is a concern that is not dominant in the field of operation in which it is contracting and can further qualify under the criteria concerning number of employees, average annual receipts, or other criteria, as prescribed by the United States Small Business Administration.

WOMAN-OWNED BUSINESS is a concern that is at least 51 percent owned by a woman or women who also control and operate it. In this context, "control" means exercising the power to make policy decisions, and "operate" means being actively involved in the day-to-day management.

MINORITY-OWNED BUSINESS is a concern that is at least 51 percent owned by one or more socially and economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to, African Americans, Hispanic Americans, Asian Americans, American Indians, Eskimos, and Aleuts.

Commonwealth of Virginia Department of the Treasury
RFP # 04-008 Insurance Collateral Safekeeping Services
Due: Monday, May 3, 2004 @ 3:00 p.m.

APPENDIX C

FILE LAYOUT REQUIREMENTS

MONTHLY MARKET VALUE COMPANY NUMBER FILE REQUIREMENTS

File Layout- sequential data set; fixed record length of 70 positions

Date	1 occurrence-col. width 8
Account Number	alpha-numeric length: 6
Account Name	alpha-numeric length: 42
Market Value of Total Account	numerical length: 14 (0 decimal positions)

For each account, the Bureau will provide the Contractor a company number.

When any Company Number changes occur, the Bureau will send written notification to the Contractor detailing the Company Number change and the associated Contractor-assigned account number. The Contract will apply those company number changes to the Market Value by Company Number file. Company Name changes will be provided in writing.

Commonwealth of Virginia Department of the Treasury
RFP # 04-008 Insurance Collateral Safekeeping Services
Due: Monday, May 3, 2004 @ 3:00 p.m.

APPENDIX D

PERTINENT EXCERPTS FROM THE *CODE OF VIRGINIA*

§ 38.2-1045. Deposits required of insurers generally.

Statute text

A. Except as otherwise provided in this title, before the Commission issues a license to transact the business of insurance in this Commonwealth to any insurer, that insurer shall deposit with the State Treasurer securities that (i) are legal investments under the laws of this Commonwealth for public sinking funds or for other public funds, (ii) are not in default as to principal or interest, (iii) have a current market value of not less than \$50,000 nor more than \$500,000, and (iv) are issued pursuant to a system of book-entry evidencing ownership interests of the securities with transfers of ownership interests effected on the records of a depository and its participants pursuant to rules and procedures established by the depository.

B. The Commission may require a reasonable amount of additional deposits in securities that meet the requirements of clauses (i), (ii) and (iv) of subsection A of this section, whenever the Commission determines that the insurer's financial condition, method of operation, or manner of doing business is such that the Commission is not satisfied that it can meet its obligations to all policyholders.

C. Neither the deposit referred to in this section nor the alternate deposit permitted by § 38.2-1049 shall be required of (i) any mutual assessment property and casualty insurance company, (ii) any fraternal benefit society, or (iii) any insurer transacting exclusively an ocean marine business in this Commonwealth.

D. Any insurer which on June 30, 1991, instead of the deposit of securities required by subsection A, has entered into a bond with surety, approved by the Commission, with any conditions the Commission requires, shall have until the next renewal, anniversary, or expiration date of such bond, or until June 30, 1992, whichever comes first, to comply with the deposit provisions of subsection A. The surety shall be licensed in this Commonwealth to transact the business of suretyship and shall not be directly or indirectly under the same ownership or management as the principal on the bond.

E. Every insurer subject to the provisions of this section having physical securities deposited with the State Treasurer on or before June 30, 1992, shall comply with the provisions of clause (iv) in subsection A not later than January 1, 1993.

History

(Code 1950, § 38-39; 1952, c. 317, § 38.1-108; 1956, c. 234; 1960, c. 558; 1964, c. 605; 1973, c. 178; 1975, c. 556; 1986, c. 562; 1991, c. 261; 1992, c. 14.)

Annotations

Cross references. - As to captive insurance companies, see §§ 38.2-1105 and 38.2-1106.

Law review. - For survey of Virginia law on insurance for the year 1974-1975, see 61 Va. L. Rev. 1759 (1975).

§ 38.2-1046. Purpose of deposits; enforcement of lien.

Statute text

A. An insurer's deposits required by § 38.2-1045 shall be held as a special fund in trust for the insurer's liabilities which are incurred or which may be incurred as a result of a loss sustained by (i) this Commonwealth or any of its political subdivisions, (ii) any citizen or inhabitant of this Commonwealth, or (iii) any other person owning property in

this Commonwealth, when the insurer fails to meet its obligations incurred in this Commonwealth. Policyholders, without preference, shall have a lien on the deposits for the amounts due or which may become due as a result of any failure of the insurer to meet its obligations. General creditors, without preference, shall be entitled to have a similar lien on the deposits which shall be subordinate to the claims of the policyholders.

B. Whenever any such insurer becomes insolvent or bankrupt, or makes an assignment for the benefit of its creditors, any person given a lien by this section may file a bill in the Circuit Court of the City of Richmond for the benefit of himself and all others given a lien by this section to subject such securities as may be on deposit with the State Treasurer or its agent to the payment of the liens thereon. The State Treasurer shall be made a party to such suit and a copy of such bill shall be served upon the Commissioner of Insurance as if he were a party to such suit. The funds shall be distributed by the court.

History

(Code 1950, § 38-50; 1952, c. 317, § 38.1-110; 1981, c. 208; 1986, c. 562; 1988, c. 298; 1992, c. 20; 1995, c. 60.)

Annotations

The 1995 amendment inserted "as may be on deposit with the State Treasurer or its agent" near the end of the first sentence of subsection B.

Purpose of deposit is not to protect reinsurers. - The deposit required is for the protection of property owners in their fire insurance contracts, and not to protect other insurance companies on their contracts of reinsurance. *Shepherd v. Virginia State Ins. Co.*, 120 Va. 383, 91 S.E. 140 (1917).

Agent entitled to lien. - The general agent of an insurance company, to whom policyholders have assigned their policies, stands on the plane with all other holders of Virginia policies canceled by the insolvency of the company, and is entitled to share with them the benefits of his statutory lien on the securities held by the treasurer. *Johnson v. Button*, 120 Va. 339, 91 S.E. 151 (1917).

Fact that money recovered by policyholder may go to nonresident. - In a proceeding to enforce the claim of a resident policyholder against the statutory deposit made by an insurance company later becoming insolvent, it is beside the point that in discharging the insurance company's obligation to the resident policyholder the money required to satisfy a judgment may go to a nonresident. *Andrews v. Cahoon*, 196 Va. 790, 86 S.E.2d 173 (1955).

§ 38.2-1047. How deposits applied to payment of claims; deficit to be made good.

Statute text

A. This section shall apply only where:

1. The insurer has failed to pay any of its liabilities after the liabilities have been ascertained (i) by any agreement of the parties binding the insurer, or (ii) by judgment, order or decree of a court of competent jurisdiction which has not been appealed, superseded or stayed; and

2. The provisions of subsection B of § 38.2-1046 are not applicable.

B. Upon application of the person to whom the debt or money is due and after giving notice as provided in subsection C of this section, the State Treasurer shall (i) sell an amount of securities with accrued interest that provides sufficient funds to pay the sums

due and the expenses of the sale and (ii) pay the sums due and expenses out of the available funds. This shall be subject to the approval of the Commission.

C. The State Treasurer shall give the insurer or its agent ten days' notice, either by mail or personally, of the time and place of the sale. The sale shall be advertised daily for ten days in a newspaper of general circulation published in the City of Richmond.

D. The insurer shall immediately make good any deficit in its deposit resulting from a sale. The State Treasurer shall report to the Commission in writing (i) the amount and kind of securities sold in accordance with the provisions of this section and (ii) the amount and kind of securities deposited to make good the deficit.

History

(Code 1950, § 38-49; 1950, p. 996; 1952, c. 317, § 38.1-111; 1986, c. 562; 1988, c. 298.)

§ 38.2-1048. Return of deposits.

Statute text

A. The Commission, at its discretion, may direct the State Treasurer to return to any insurer all or a part of the deposit made by it under § 38.2-1045 if the insurer (i) has complied with § 38.2-1049, or (ii) has ceased to transact business in this Commonwealth. In the case of the latter, the fixed or contingent liabilities secured by the deposit shall have been satisfied or terminated or shall have been assumed by another insurer licensed to transact the business of insurance in this Commonwealth. If the Commission finds that any voluntary deposit of any insurer made under § 38.2-1050 no longer is required in whole or in part to comply with the laws of this or any other state, it may to such extent direct the return of that deposit. The Commission, before directing the return of any deposit, may require evidence it considers satisfactory that the insurer is entitled to the return of all or part of the deposit.

B. Notwithstanding the provisions in § 38.2-1046 and subsection A of this section, if an insurer domiciled in this Commonwealth is placed in receivership, and a receiver is appointed, pursuant to the provisions of Chapter 15 (§ 38.2-1500 et seq.) of this title, the Commission shall direct the State Treasurer to return any deposit made with it by the insurer to such receiver for distribution, disbursement, or other application in accordance with provisions set forth in Chapter 15 (§ 38.2-1500 et seq.) of this title and any applicable order of liquidation, conservation or rehabilitation.

History

(Code 1950, § 38-52; 1952, c. 317, § 38.1-112; 1986, c. 562; 1988, c. 298; 1995, c. 60.)

Annotations

The 1995 amendment inserted the A designation at the beginning of the first paragraph and added subsection B.

Reinsuring company directly liable to policyholders. - A bonding company applied to the State Corporation Commission of Virginia, under this section, for leave to withdraw its assets from the State and reinsure its risk in another company. The statute specifically requires the reinsuring company to assume the risks of the retiring company. It was held that as both companies have invoked and received the advantages of the statute, they must be presumed to have assumed the burdens thereby imposed, and to have contracted with reference to the statute, and the contract comes within the reason of the cases which hold the reinsuring company directly liable to the assured, and is not a mere reinsurance

contract. *American Bonding Co. v. American Sur. Co.*, 127 Va. 209, 103 S.E. 599 (1920).

Assumption of policy obligations by reinsuring company presumed from withdrawal. - Unless the circumstances are so exceptional as to take the case out of the general rule applicable in such cases, the securities deposited with the State Treasurer by an insurance company cannot be legally withdrawn by another company taking over the business of the depositing company under the provisions of this section unless it is made to appear that the obligations of the depositing company's policies have been in fact assumed by the company withdrawing the deposit, and not merely agreed to be assumed upon certain conditions not contained in the policies. Actual assumption of the policy obligation is the burden that this section requires to be taken upon itself by the corporation withdrawing such deposit; and, notwithstanding that contract between insurance companies does not contain appropriate language to evidence such an assumption, the actual assumption will, in general, be presumed, where such a deposit has been withdrawn under such statute.

Lucas v. Pittsburgh Life & Trust Co., 137 Va. 255, 119 S.E. 109 (1923).

Establishing liability against issuing company will support decree against reinsuring company. - A bonding company abandoned its business in Virginia and reinsured its risks in another company. A decree on one of its bonds was against both companies. The second company contended that there was no privity of contract between it and the complainant. It was held that as the suit was in equity, the beneficiary could not be required after establishing the liability of the first company, to pursue the second company in another suit, as under its contract and this section, the second company was ultimately responsible for the liability, the court rightly decreed against it. *American Bonding Co. v. American Sur. Co.*, 127 Va. 209, 103 S.E. 599 (1920).

§ 38.2-1049. Alternate deposit requirements.

Statute text

A. The insurer, at the discretion of the Commission, may be relieved of making the deposit required by § 38.2-1045 if the insurer makes deposits according to the following provisions:

1. Acceptable securities as defined in subsection B of this section are deposited with the State Treasurer in the form prescribed in clause (iv) of subsection A of § 38.2-1045 or with the insurance commissioner, treasurer or other officer or official body of any other state first for the protection of the insurer's policyholders.
2. The securities are not to be in default as to principal and interest.
3. The securities have a market value of at least \$500,000.
4. A certificate is furnished to the Commission and authenticated by the appropriate state official holding the deposit that the requirements of this subsection have been met.

B. For the purpose of this section, acceptable securities are defined as bonds of the United States, or of any state, or of any city, county or town of any state, or bonds or notes secured by mortgages or deeds of trust on otherwise unencumbered real estate of a market value in each case of not less than double the amount loaned, or other securities approved by the Commission.

History

(Code 1950, §§ 38-37, 38-40, 37-175, 38-516; 1952, c. 317, § 38.1-113; 1964, c. 605; 1975, c. 556; 1986, c. 562; 1992, c. 14.)

§ 38.2-1050. Voluntary deposit in excess of amount required.

Statute text

Any domestic insurer, in order to comply with the laws of any other state or of the United States, may make a voluntary deposit with the State Treasurer in excess of the amount required by § 38.2-1045. This excess deposit shall be subject to all other applicable provisions of the laws of this Commonwealth relating to the deposits of insurers. However, this excess deposit shall be for the protection of all the insurer's policyholders and general creditors, notwithstanding the provisions of § 38.2-1046.

History

(Code 1950, § 38-41; 1952, c. 317, § 38.1-114; 1966, c. 263; 1986, c. 562.)

§ 38.2-1051.

Statute text

Repealed by Acts 1992, c. 14.

§ 38.2-1052. Exchange of securities.

Statute text

A depositing insurer may from time to time exchange for any of the deposited securities other securities eligible for deposit under this article if in the opinion of the Commission the aggregate value of the deposit will not be reduced below the amount required by law.

History

(1952, c. 317, § 38.1-116; 1986, c. 562.)

§ 38.2-1053. Interest on deposits; to whom paid.

Statute text

The State Treasurer, at the time of receiving any securities deposited under this title, shall give the insurer authority to collect the interest for its own use as the interest is paid. This authority shall continue in force until the insurer fails to pay any of its liabilities for which the deposit is security. In that case, the party paying interest shall be notified of the failure, and thereafter the interest shall be payable to the State Treasurer, and shall be applied, if necessary, to the payment of the liabilities.

History

(Code 1950, § 38-48; 1952, c. 317, § 38.1-117; 1986, c. 562.)

§ 38.2-1054. Duty of State Treasurer when securities deposited are paid.

Statute text

When the principal of any securities deposited under this title is paid to the State Treasurer, the money received shall be paid to the insurer. However, if the securities

were required to be deposited under § 38.2-1045, the payment shall not be made until the insurer deposits an equal amount of other securities of the character required for similar deposits. If the insurer fails to deliver to the State Treasurer, within thirty days after receiving notice of this requirement, the securities necessary to maintain its required deposit, the State Treasurer with the approval in writing of the Commission, may use the money to purchase and hold other securities of the required character.

History

(Code 1950, § 38-51; 1952, c. 317, § 38.1-118; 1986, c. 562.)

§ 38.2-1055. Annual report of State Treasurer to Commission.

Statute text

Each January the State Treasurer shall certify to the Commission the kind and face value of all securities, bonds, notes, mortgages or deeds of trust deposited under this title and held at the end of the preceding calendar year.

History

(Code 1950, § 38-45; 1952, c. 317, § 38.1-119; 1986, c. 562.)

§ 38.2-1056. Treasurer to receipt for deposits; responsibility of Commonwealth; taxation of deposited bonds.

Statute text

The State Treasurer shall provide receipts to the insurer for all securities deposited with him under the provisions of this title. The Commonwealth shall be responsible for the safekeeping of the securities. If some or all of the securities are lost, destroyed or misappropriated, the Commonwealth shall pay or satisfy the loss to the insurer making the deposit. Securities deposited with the State Treasurer shall not be subject to taxation.

History

(Code 1950, §§ 38-42, 38-46; 1952, c. 317, § 38.1-120; 1986, c. 562.)

§ 38.2-1057. Assessment for expense of holding deposits.

Statute text

For the purpose of defraying the expense of the State Treasurer's office in the safekeeping and handling of the securities or surety bonds deposited under the provisions of this title, the State Treasurer shall levy annually against each insurer an assessment of not more than one tenth of one percent of the par or face value of the securities or surety bonds deposited to its account. The assessment shall be collected every January. No part of the amount collected shall be used to increase the compensation of any person connected with the office of the State Treasurer. Whatever remains of the assessment after the payment of the expense described above shall be paid into the general fund of the state treasury.

History

(Code 1950, § 38-43; 1952, c. 317, § 38.1-121; 1973, c. 173; 1986, c. 562.)

§ 38.2-1058. Felony for State Treasurer to dispose of securities illegally.

Statute text

If the State Treasurer disposes of any securities deposited with him under this title, other than as provided in this title, he shall be guilty of a Class 3 felony, and, upon conviction, shall be punished by a fine double the amount of the disposed securities.

History

(Code 1950, § 38-53; 1952, c. 317, § 38.1-122; 1986, c. 562.)

Annotations

Cross references. - As to punishment for Class 3 felonies, see § 18.2-10.